

## U.S. Credit Update – February 04, 2026

- Fixed Income and Corporate Sector Returns
- Options-Adjusted Spreads
- Biggest Movers
- Credit ETF Flows
- Issuance Recap

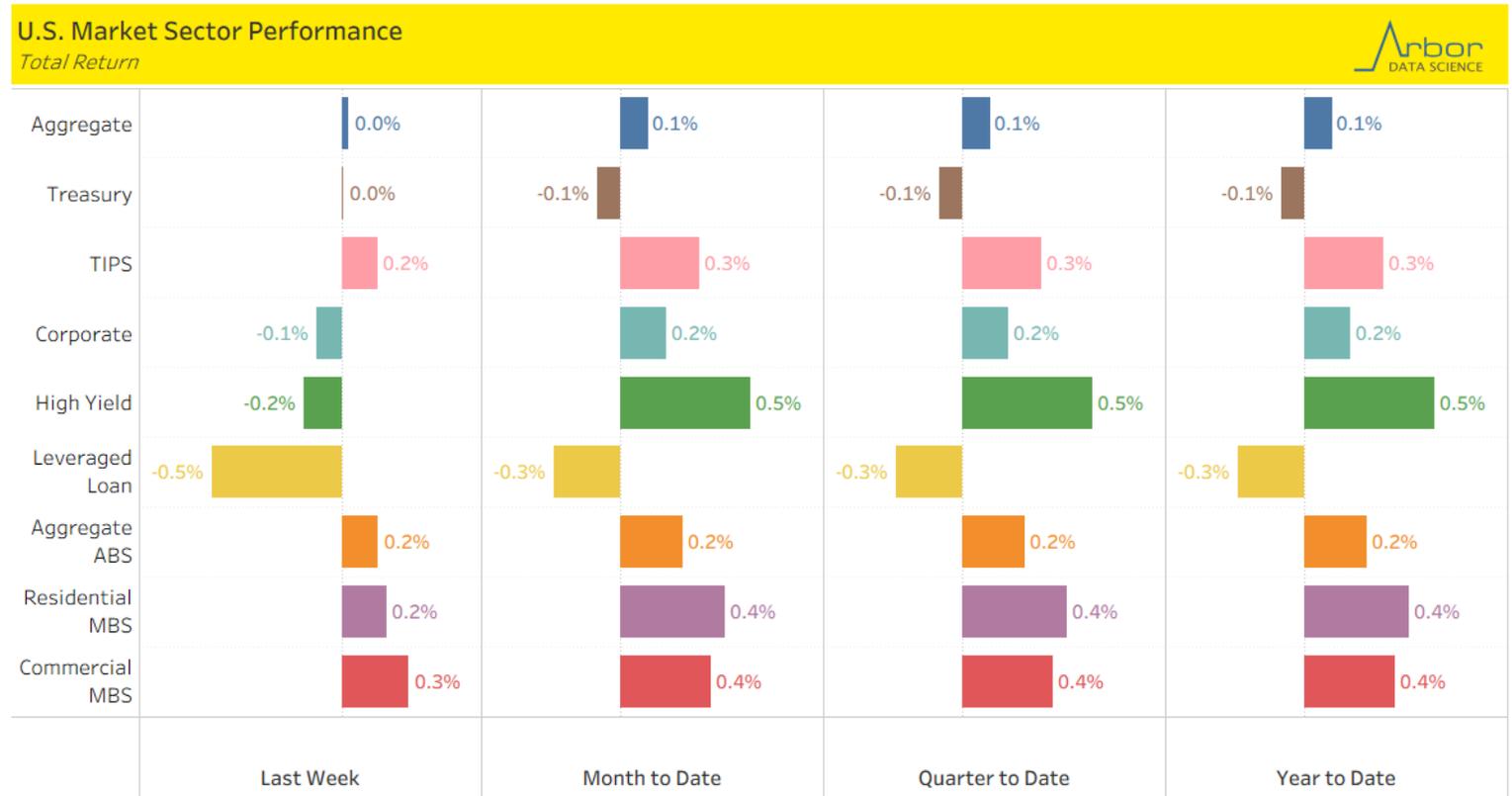
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Gus Handler and Scott Hirth  
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# Fixed Income Sector Unhedged Total Returns

## Short Treasury outperform.

The Treasury curve steepened 12 bps last week as 2 and 3 year notes fell 7 bps, while the long bond rose 5 bps. Trump announced his appointment of new Fed Chairman Kevin Warsh, who most feel will be hawkish on the balance sheet while calling for sharp rate cuts. It remains to be seen if the majority of FOMC voters would support such cuts.

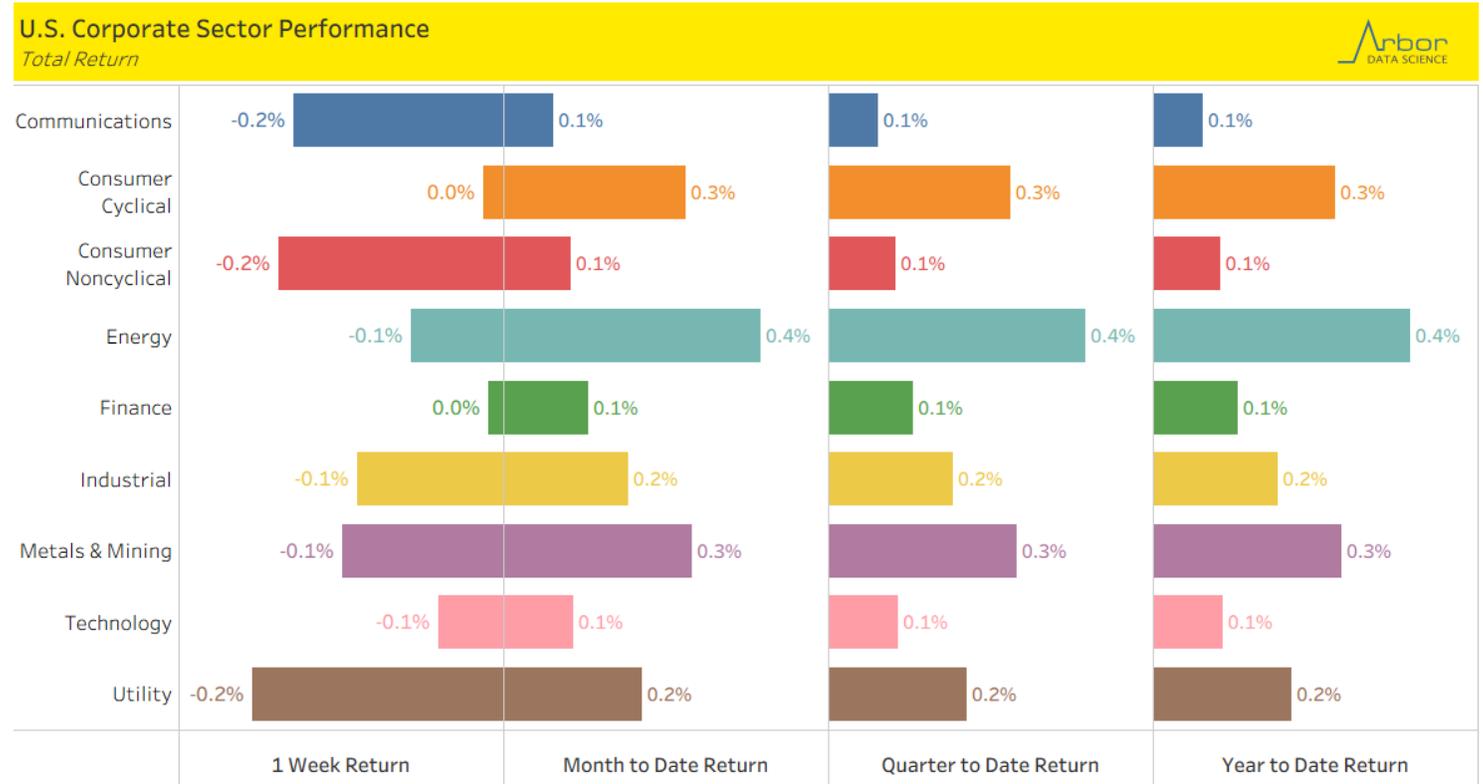


Data Source: Bloomberg Barclays, Credit Suisse

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# Corporate Sector Unhedged Total Returns

**Cash spreads close the week +1-6 bps.**  
 Cash bond spreads finished the week wider with pharma and basic materials lagging. Autos (-7) and manufacturing (-4) were the best performing sectors in January.



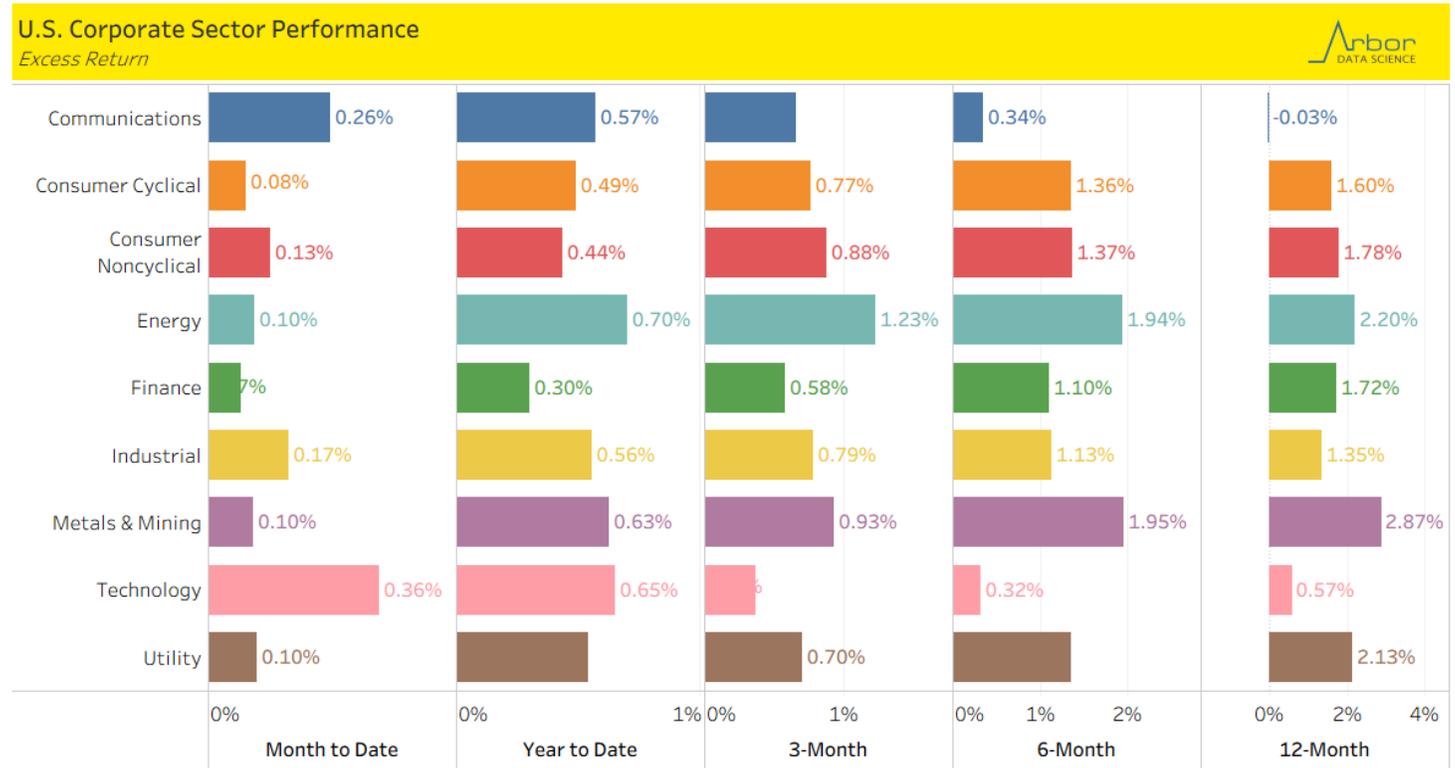
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# Corporate Sector Excess Returns

## Credit indices outperform Treasuries to start 2026.

The Bloomberg Intermediate Corporate bond index outperformed similar maturity Treasuries by 22 bps in January, while the long credit index beat its risk-free counterpart by 56 bps to begin the year.

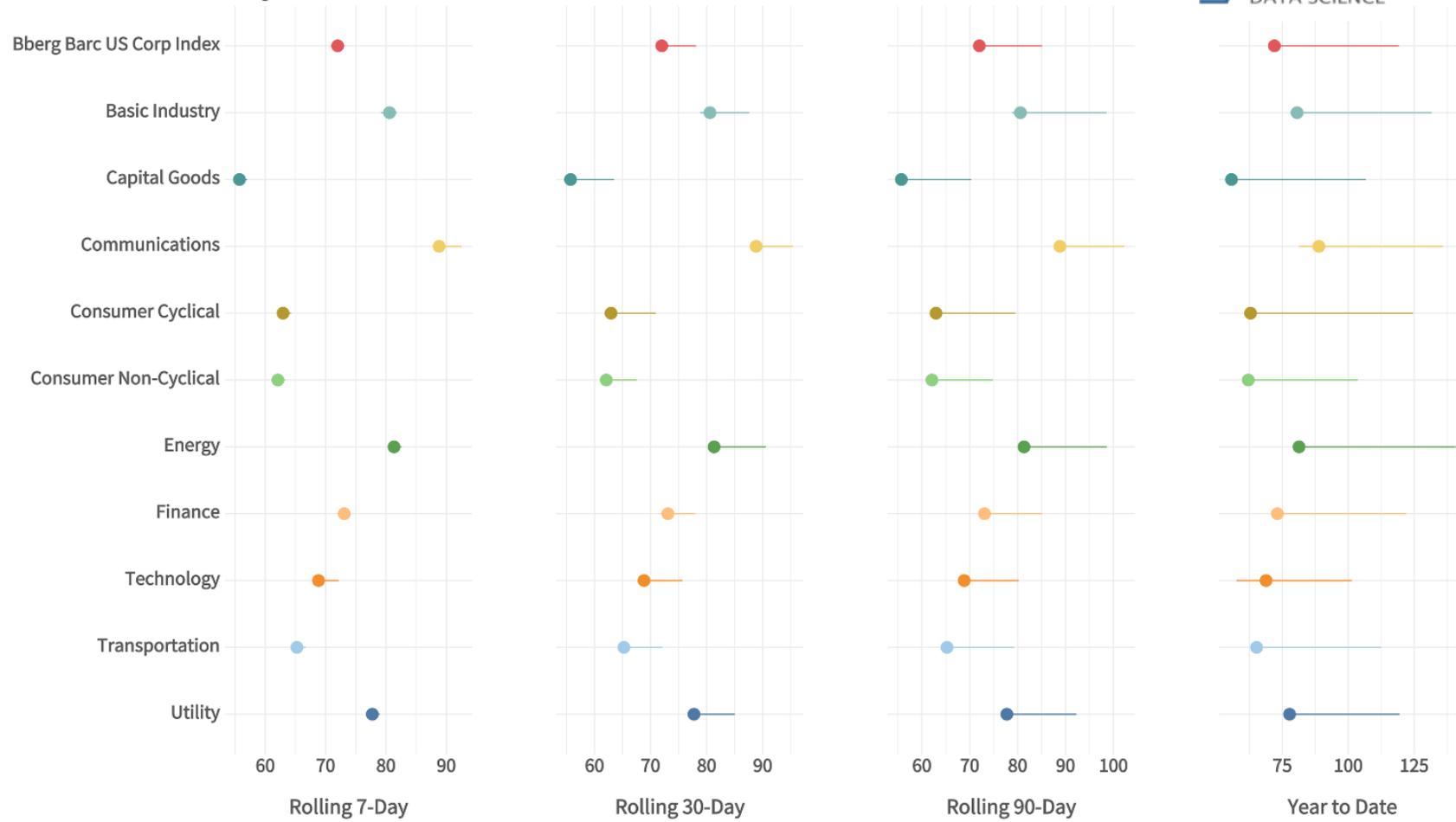


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# Corporate Sector OAS

U.S. Investment Grade Credit Options-Adjusted Spread  
Range of OAS over Period

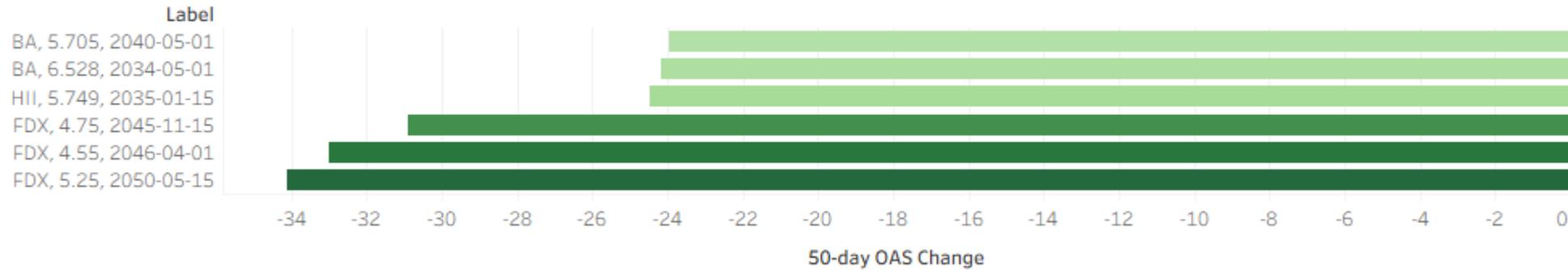


Data Source: Bloomberg, LP

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# U.S. Investment Grade Corporates

Industrials- Biggest Movers



Data Source: Bloomberg LP

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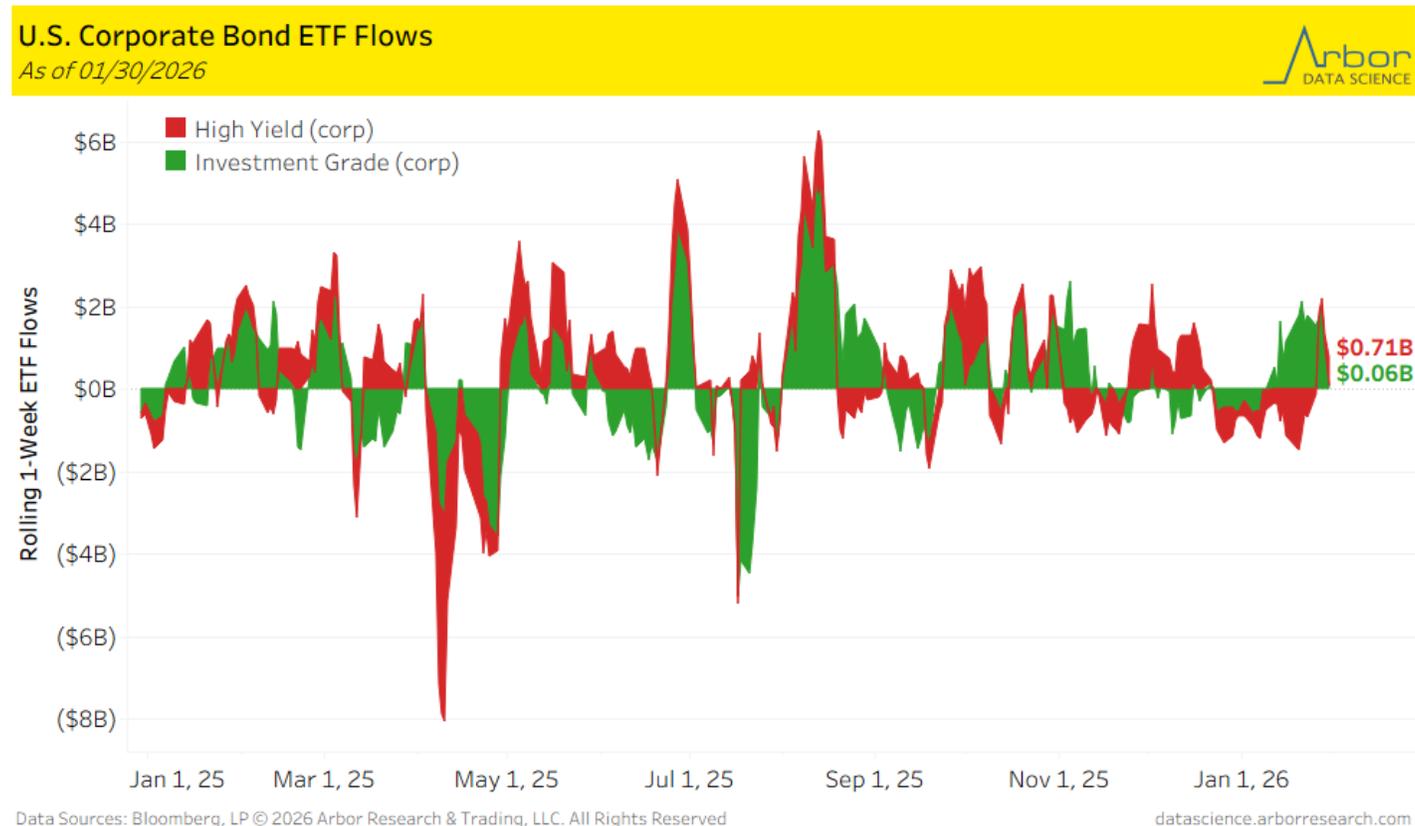
IG bond funds saw \$10.71 billion of inflows last week vs. +\$9.18 billion previously. This marked the largest combined fund inflow since August. ETF inflows grew to +\$9.01 billion vs. +\$7.44 billion during the last survey period, while high grade mutual funds were flat at +\$1.7 billion vs. +\$1.74 billion.

High yield funds took on +\$1.23 billion last week vs. -\$0.57 billion during the prior survey period, marking the largest inflow in 8 weeks.

# Corporate Bond ETF Flows

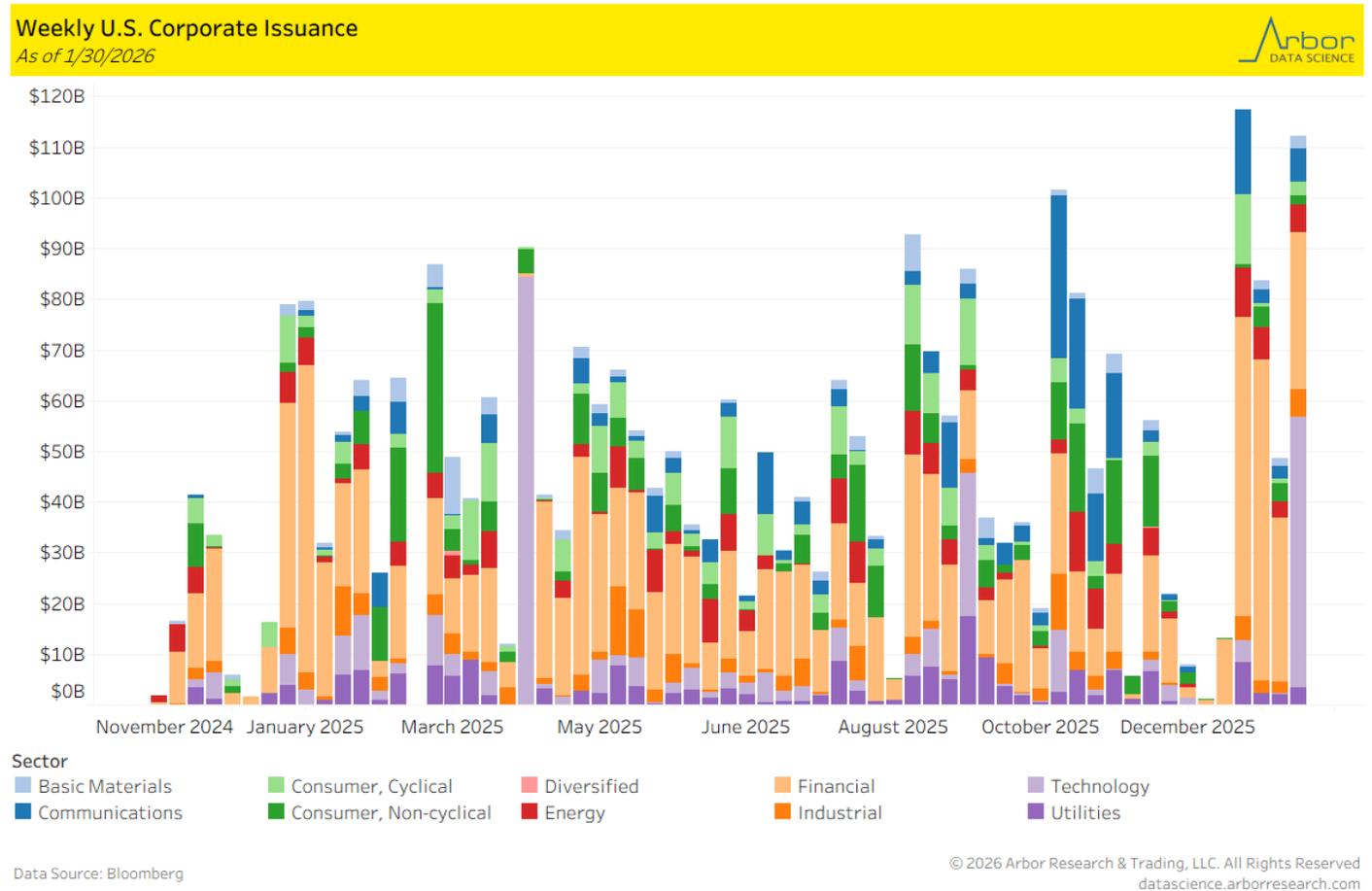
Corporate bond ETF flows were positive for the week ended 01/30/2026, with High-Yield ETFs gaining \$0.71 billion and Investment-Grade ETFs gaining \$0.06 billion.

*The chart shows stacked rolling one-week flows into corporate bond ETFs.*



# Issuance Recap

Primary issuance came in near \$44 billion last week, to close January at \$224 billion. This marked an all time record for the first month of the year, and topped \$185 billion estimates. \$185 billion is also the expectation in February.



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